Department of Defense

National Security Personnel System

Compensation Management under NSPS

Competing with the Market

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Background

- AFFTC participated in DoD Civilian Acquisition Personnel Demonstration Project (AcqDemo) 1999 – 2007
  - 3 Pay Schedules
  - Broadbanded structure
  - Linked pay to contribution
- After three years we knew we needed some type of compensation management system
  - Maintain internal equity
  - Minimize competition for talent across the enterprise
- Converted 2,175 employees to NSPS on 21 January 2007

Background

- NSPS designed to be labor market sensitive
  - Be competitive enough to attract and retain skilled and talented workers
- Requires significant cultural change
  - Longevity to performance
  - Supervision to management
  - Task completion to results achieved
- Strategic compensation management can help drive culture shift
  - Align expectations to mission
  - Reward and recognize results achieved

Pay Structure Design

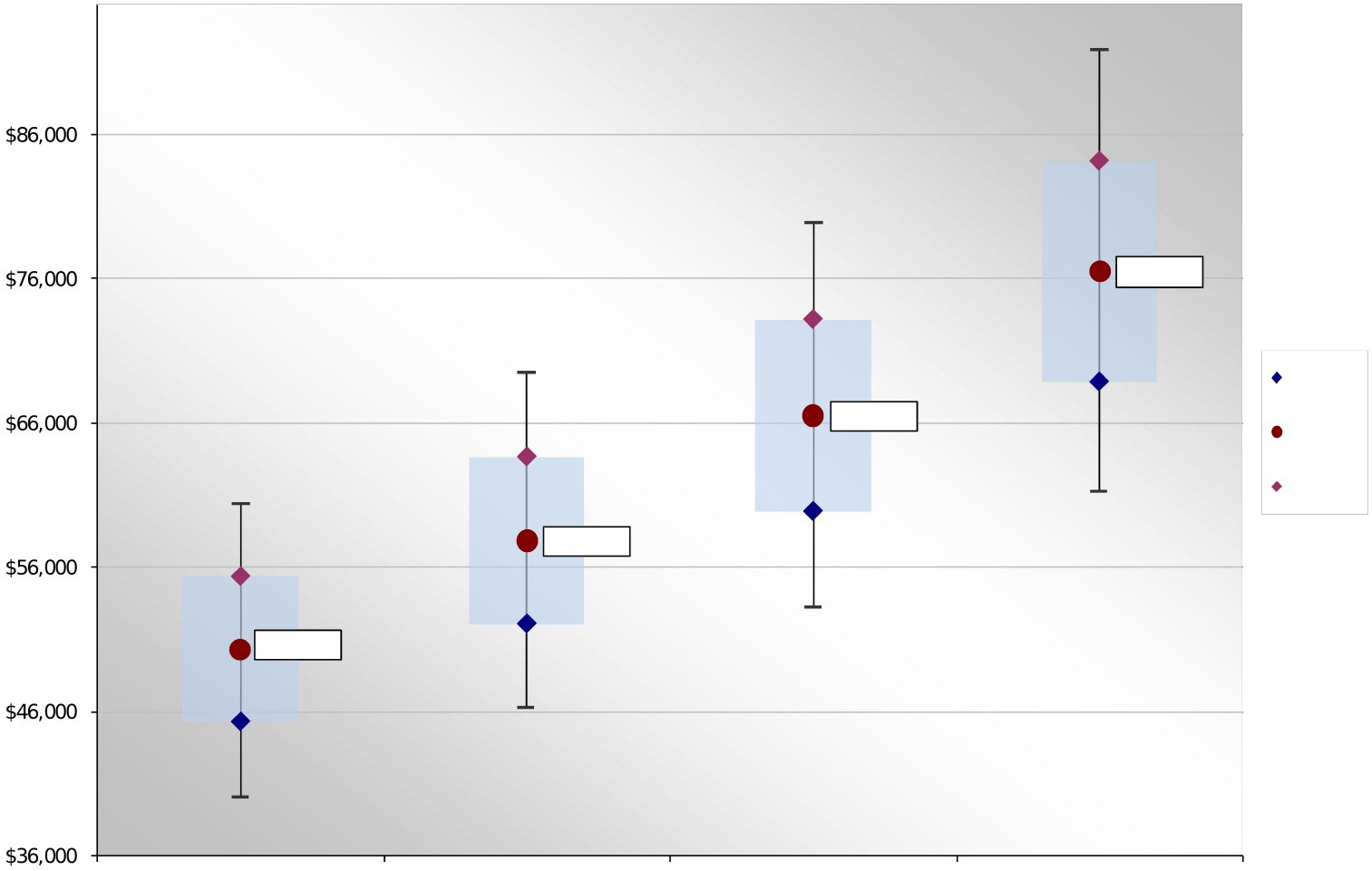
- Not all work should be paid to the top of a pay band
  - Creates pay compression
  - Places retention of high performers at risk
  - Increases potential for violating the Equal Pay Act of 1963
- Pay structure design…
  - Should enable external competitiveness and internal equity
  - Provide mechanism for clear career progression
  - Give management flexibilities for recognizing and rewarding performance with pay

Pay Structure Design

- AFFTC adapted widely used market pay methodologies in designing our pay structure
- Followed WorldatWork's recommended salary range spreads and pay differentials within the pay bands
  - Maintained alignment with NSPS Career Groups and Pay Schedules
  - Challenges
    - ✓ Pay Band boundaries
    - ✓ Executive Level IV + 5% pay cap
    - ✓ Different percentages used to adjust the minimum and maximum of the pay bands

Pay Structure Design

Professional/Analytical YA-2 Pay Band



Standard Career Group

2009 Base Pay

Range Assignment

- Range midpoints represent “the going rate” for similar work found in the local labor market
- Readily comparable work “benchmarked”
  - Compare our work to market survey job descriptors
  - Compare median salary to midpoints
  - Assign position to range with midpoint closest to median salary
- Remaining positions “slotted” into the hierarchy based on relative value to “benchmarked” positions
- Internal equity driven by external competitiveness

Range Assignment

Sample Job Worth Hierarchy

YA-2 PAY SCHEDULE

RANGE A	RANGE B	RANGE C	RANGE D
$40,093 - $60,362	$46,277 - $69,416	$53,218 - $79,827	$61,201 - $91,801
Midpoint - $50,301	Midpoint - $57,846	Midpoint - $66,523	Midpoint - $76,501
Center Scheduling Specialist	Budget Analyst	Accountant	Acq Center of Excellence Spec
Facility Management Specialist	Contract Project Specialist	Acquisition Advisor	Acquisition Project Specialist
Financial Analyst	Education & Training Specialist	Acquisition Specialist	Air Traffic Control Specialist
Financial Management Specialist	Environmental Protection Specialist	Airfield Management Specialist	Aircraft Program Resource Analyst
Housing Referral Specialist	Equipment Specialist (Technical)	Club Manager	Airspace Management Specialist
Investigator	Financial Management Analyst	Contract Specialist	Archeologist
IT Specialist (Customer Support)	Golf Course Superintendent	Contracting Data Systems Specialist	Business & Industry Specialist
Language Specialist (Sign)	Health Systems Specialist	Cost Analyst	Community Planner
Management Analyst (Support)	Housing Specialist	Education & Training Analyst	Competitive Source Analyst
Mission Support Scheduling Spec	HR Specialist (NAF)	Emergency Management Specialist	Configuration Management Spec
Operations Scheduling Specialist	HR Specialist (Recruit/Staffing)	Equal Employment Specialist	Contract Management Spec
Performance Management Specialist	Inventory Management Specialist	Equipment Specialist (Electrical)	Contract Resource Manager
Program Analyst (Support)	IT Specialist (INET)	Equipment Specialist (Programs)	Contractor Aircraft Ops Specialist
Recreation Specialist	Logistics Mgmt Spec (Support)	Golf Course Manager	Corporate Financial Analyst
Service Reporting System Manager	Management Analyst (Studies)	Hospital Facility Specialist	Curator (Aeronautics)
Substance Abuse Prevention Spec	Mission Facility Specialist	HR Specialist (Classification)	Director, Emergency Management
Substance Abuse Program Spec	Personnel Security Specialist	HR Specialist (Emp/Labor Relations)	Electrical Facilities & Equip Spec
TPS Scheduling Specialist	Program Analyst (Studies)	Industrial Property Specialist	Encroachment Specialist
Training & Curriculum Specialist	Protocol Specialist (Assistant)	IT Specialist (Systems Analysis)	Flight Instructor (Test Aircraft)
Training Instructor (ABW)	Quality Assurance Spec (Chemicals)	Librarian (Physical S&E)	Historian
Supv Traffic Mgmt Specialist	Quality Assurance Specialist (Aircraft)	Logistics Mgmt Spec (Test)	HR Specialist (LRO)

Compensation Management

- Pay managed within the salary ranges
  - Use compa ratio as guideline
    - ✓ Measures relationship of current pay to range midpoint
    - ✓ Midpoint = compa ratio of 100%
  - Fully competent workers/good performers paid within the 25th – 75th percentile salaries of the salary range
  - Entry level/less experienced employees paid between range minimum and 25th percentile
  - Lead/technical expert/subject matter expert salary between 75th percentile and range maximum

Compensation Management

- Enables fair and equitable decisions about payout distributions across the enterprise
  - Salary vs. bonus
- Supports sound pay-setting decisions
- Maintains internal equity
- “Benchmarked” positions compared to local labor market rates annually to maintain external competitiveness

Next Steps

- Define core and occupation-specific competencies
  - “Customize” DoD Contributing Factors with competencies
- Link competencies to recruitment, retention and compensation strategies
- Exploit Federal benefit package and workforce flexibilities via Total Rewards statement